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Big Sugar

LAST YEAR the Bush administration negotiated a free-trade agreement with the five Central American nations and the Dominican Republic. It has yet to submit the deal to Congress because trade politics has grown so poisonous. Even though the Central America deal, known by its acronym, CAFTA, would help a struggling region on the doorstep of the United States, and even though it would modestly boost U.S. prosperity, a coalition of special interests has seized Congress by the throat. The most aggressive and least deserving of these is the sugar lobby.

U.S. sugar policy stands for all that's bad about our political system. The government restricts imports through a series of quotas, pushing U.S. sugar prices to between two and three times the global market rate. As a result, a handful of sugar producers, notably in Florida, a battleground electoral state, pocket \$1 billion a year in excess profits. To protect this cozy arrangement, the sugar barons plow a chunk of their revenue back into the political system. During the 2004 election cycle, two Florida sugar companies gave a total of \$925,000 to election coffers.

This corruption has victims. Producers' enviable profits come straight out of consumers' wallets, so that ordinary supermarket visitors are made to subsidize welfare for corporations. At the same time, efficient foreign sugar producers, many of them in poor countries, are denied a fair chance to export their way out of poverty. Meanwhile there is an environmental cost: In Florida, sugar cane production has contributed to the degradation of the Everglades. Sugar-using industries are losers too. As Kimberly A. Elliott notes in a paper for the Center for Global Development, some candymakers have closed U.S. factories rather than pay crazy sugar prices.

The biggest cost of the sugar racket is to free trade itself, and therefore to all producers and consumers. Blatant protection of sugar barons undermines U.S. trade negotiators' credibility when they seek to open foreign markets, and pressure from the sugar lobby is now holding up free trade with Central America. Sugar accounts for a minuscule share of U.S. farm output. But because Big Sugar is politically ruthless, it has the power to hold trade hostage.